

Dubai

Initial briefing

- 9.1 Upon arrival in Dubai, the delegation was greeted by officials from the Australian Embassy in Abu Dhabi and Austrade's Executive General Manager for the Middle East and India Ocean regions (who was, at the time of the visit, based in Dubai). The following morning, these officials provided a comprehensive brief on the history and development of the United Arab Emirates.
- 9.2 The Emirates were described as having one of the most dynamic economies in the Gulf, with Dubai establishing itself as a significant financial, transport and information hub, both domestically and internationally. A desire to diversify the economy beyond reliance on oil production has driven much of the growth in recent years.
- 9.3 The Emirates are consistently among Australia's top three markets in the Middle East and trade has grown steadily over time. Total Australian exports to the Emirates in 2001 were valued at \$A1.2billion, while total imports were valued at \$A930million. The major exports include alumina, motor vehicles and agricultural products. The market for Australian educational, architectural and other professional services is expanding and potentially lucrative. Petroleum products account for most of the imports.¹
- 9.4 Another area of growth is the number of tourists travelling from the Middle East to Australia – especially following the increased number of direct flights from Dubai to Australia being flown by Air Emirates. One issue of concern raised at the briefing, and at a number of our subsequent

1 Department of Foreign Affairs, Brief – Kuwait, Afghanistan, Dubai, Kyrgystan, July/August 2002 p.21

meetings, was the delay that can be experienced by travellers in obtaining tourist visas. It was explained that many travellers from the Middle-East make travel plans at short notice and that the two week processing time to obtain a tourist visa can act as a significant deterrent, causing people to chose an alternative holiday destination. This processing period is longer than that taken by most European and other western nations when considering requests for tourist visas.

- 9.5 It was suggested to the delegation that, as the visa 'overstay' rate by residents of the United Arab Emirates is minimal, there would be little risk in developing more expeditious visa assessment procedures.

Visit program

Dubai Ports Authority & Jebel Ali Free Zone

- 9.6 On 28 July 2002 the Delegation visited the Dubai Ports Authority and the Jebel Ali Free Zone. The visit was hosted by the Managing Director of the Ports Authority, Mr Jamal Majid Bin Thamiah.
- 9.7 The port is an impressive feat of engineering, having been created on what was formally a straight stretch of desert foreshore. It is now a large, modern deep-water port, with 19 cranes capable of moving 12 000 containers every 24 hours. The delegation was advised that this is a faster container throughput than is achieved in either Singapore or Hong Kong.
- 9.8 The Free Zone, which is collocated with the port, provides a tax free operating environment for businesses. Businesses operating in the zone also have access to range of support facilities and services, including business premises and utilities, and banking, insurance, government liaison, recruitment and logistics services. At present, 20 Australian companies operate in the Free Zone.

'The Palm' development

- 9.9 The delegation also visited the project office for 'The Palm' development – a residential and commercial development being built in the Persian Gulf, off the coast of Dubai.
- 9.10 The development is being constructed on a series of man-made islands laid out in the shape of a palm tree. It is planned that residential villas, hotels and shopping precincts will be built on the 'trunk' and various 'fronds' of the 'The Palm'. Work is well advanced on dredging for the islands and this remarkable project is, literally, beginning to take shape.

Australian Business in the Gulf

- 9.11 On the evening of 28 July, the delegation hosted a reception for the members of the Australian Business in the Gulf group (ABIG).
- 9.12 ABIG is a non-profit organisation whose objective is to establish a networking forum for Australian's operating businesses in the Gulf region, with the aim of developing further their business activities, thereby promoting trade and other beneficial relationships between the Australia and the Gulf countries.² The group began in August 1994 with a meeting of 12 people and has grown to the point where it now has a membership of around 200 Australian companies and individuals.
- 9.13 The reception allowed delegation members to learn more about the risks and opportunities of doing business in the Gulf.

Dubai Aluminium

- 9.14 The following day the delegation visited Dubai Aluminium Ltd (DUBAL), the largest single-site aluminium smelter in the world. The visit was hosted by Mr John Boardman, DUBAL's Chief Executive Officer.
- 9.15 The company proudly claims to be the industrial flagship of Dubai, using state-of-the-art equipment and manufacturing processes. According to Mr Boardman DUBAL's geographic location presents a another competitive advantage, as it is able to service markets in Europe, Asia, the Far East and America with equal facility.
- 9.16 Most of the alumina used by DUBAL is purchased from Australian suppliers, with the balance purchased from suppliers in India and the United States. DUBAL uses more than one million tonnes of Australian sourced alumina per year.
- 9.17 Almost all of the aluminium produced at DUBAL is exported – with Japan, Taiwan and Korea being the largest markets and the Chinese market growing appreciably. DUBAL does not currently sell into Australia.
- 9.18 2 700 workers are employed at DUBAL and many of them live in hotel style rooms, units or homes provided on-site by the company. Mr Boardman explained that the company also provides on-site medical, sporting and recreational facilities for staff and families.
- 9.19 A tour of the facility revealed that extensive expansion plans are underway to increase production capacity and improve the working and living conditions of staff.
-

Visit to Dubai Internet City

- 9.20 The final visit in the program was to Dubai Internet City, where the delegation met with Dr Omar Bin Sulaiman, the Chief Executive Officer of Internet City, and colleagues of his from two related enterprises, Media City and Knowledge Village, Mr Mohamed S.M. Kahoor and Dr Abdulla M. Al Karam.
- 9.21 Dubai Internet City operates as a free zone, in the same manner as the Jebel Ali Free Zone, offering a tax-free operating environment for businesses and access to a wide range of business development and support services.
- 9.22 Internet City offers ready-to-operate, fully serviced office space with access to wired and wireless communication networks. Dr Sulaiman stated that Internet City provides world-class technical infrastructure; support for business registration; fast-track immigration clearance services; and access to employment services. To date, more than 200 international IT businesses have established themselves in Internet City, taking advantage of the impressive infrastructure and services available on site.
- 9.23 The delegation was briefed also on the concepts behind Media City (a large scale purpose built multi-media production facility) and Knowledge Village (a hub for the provision of corporate training and executive development services), both of which are within free zone and are likewise designed to attract new businesses to Dubai.

Conclusions and observations

- 9.24 The scale of the entrepreneurial vision that is driving Dubai's economic development is impressive and, as a result, Dubai is fast becoming a major economic force in the region.
- 9.25 The successful use of free zones to attract international companies is interesting to observe.
- 9.26 So too is the success that Australian companies have had in building and expanding their markets in the Emirates and the wider region. By all reports there is considerable opportunity to develop the trading relationship further, particularly in the areas of education and professional services.
- 9.27 The growth of tourism from the Gulf States into Australia also offers much of benefit to Australia. However, if the potential of tourism is to be fully

realised, careful attention needs to be paid to the efficiency of our visa processing arrangements. We have not examined the issue thoroughly enough to make an explicit recommendation, but we do urge the Minister for Immigration to consult with the Minister for Tourism and consider whether there are ways of simplifying our visa assessment procedures, or expediting the processing of visa applications, without jeopardising immigration control.

Senator Alan Ferguson
Committee Chairman

14 October 2002